

HARGROVE, SMELLEY & STRICKLAND

JOSEPH L. HARGROVE, JR.
DAVID L. SMELLEY
PAUL A. STRICKLAND
GLENN L. LANGLEY
JASON C. FALUDI

OF COUNSEL
WILLIAM G. CONLY

(A PROFESSIONAL LAW CORPORATION)
AMERICAN TOWER, SUITE 600
401 MARKET STREET
SHREVEPORT, LOUISIANA 71101-3239

THOMAS J. WYATT (1942-1996)

MAILING ADDRESS
POST OFFICE BOX 59
SHREVEPORT, LOUISIANA 71161-0059
TELEPHONE (318) 429-7200
TELECOPIER (318) 429-7201

August 16, 2004

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Paluxy Formation, Reservoir A, GRAND CANE
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BRIDAS ENERGY USA, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Paluxy Formation, Reservoir A, in the Grand Cane Field, DeSoto Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Paluxy Formation, Reservoir A.
2. To create four (4) drilling and production units for the exploration for and production of gas and condensate from the Paluxy Formation, Reservoir A, such units being designated PXY RA SUA through PXY RA SUD, and being shown on the attached plat.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
5. To provide that future wells drilled to the Paluxy Formation, Reservoir A, be located no closer than 330 feet to any unit line and no closer than 1,500 feet to any well completed in, drilling to, or for which a permit shall have been granted to drill to the Paluxy Formation, Reservoir A.
6. To define the Paluxy Formation, Reservoir A, as that gas and condensate bearing interval encountered between the depths of 2,880 feet and 3,215 feet, electric log measurements, in the Bidas Energy USA, Inc.--John A. Blunt 14 No. 1 Well, located in Section 14, Township 12 North, Range 15 West, DeSoto Parish, Louisiana.
7. To consider such other matters as may be pertinent.

Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

Honorable James H. Welsh
August 16, 2004
Page 2

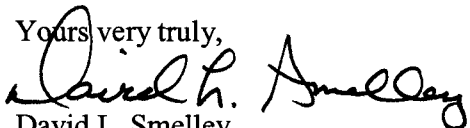
By letter dated July 21, 2004, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these matters and a pre-application conference with respect to Applicant's proposals was thereafter held beginning at 11:00 o'clock a.m. on August 13, 2004, in Shreveport, Louisiana. Attached is a list of the names and addresses of those persons present at the conference.

The purpose of the conference was explained as well as the bases for Applicant's proposals by sufficient data and detail for those present at the conference to have a reasonable opportunity to discuss the proposals and attempt to resolve any differences in good faith. Following Applicant's presentation, there was a general question and answer period concerning the proposals of Applicant. No opposition was expressed to the proposals of Applicant. Thereafter, the conference was adjourned.

Attached hereto is a plat outlining the four (4) drilling and production units which Applicant proposes to create (which plat is identical to that attached to the pre-application notice). Also attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley
-- Attorney for Bridas Energy USA, Inc.

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Linda McGowen (w/encls.)
Mr. Jerry Loyd (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

